

October 4, 2017

Mr. Gregg Allen, Superintendent
Mesabi East Public Schools, ISD #2711
601 N. 1st Street W.
Aurora, MN 55705

Dear Superintendent Allen:

Minn. Stat. § 123B.71 requires a review and comment statement on the educational and economic advisability of your proposed school construction project. Information supplied by your school district and from Minnesota Department of Education sources is the basis of this review and comment. With this positive review and comment, voter and board approval is required in order for Mesabi East Public Schools, ISD #2711 to proceed with the proposed projects.

The district shall publish a summary of the review and comment statement (the final two pages) in the legal newspaper of the district at least 20 days, but not more than 60 days, prior to holding a referendum for bonds or soliciting any bids for the construction, expansion, or remodeling of an educational facility. The Department may request a statement certifying the publication, and require the submission, review, and approval of preliminary and final construction plans.

Minn. Stat. § 123B.71 requires the Commissioner include comments from residents of the school district in the review and comment. As of the date of this letter, no public comments have been received. In addition, Minn. Stat. § 123B.71 requires the school board hold a public meeting to discuss the review and comment prior to the date of the bond referendum election.

Minn. Stat. § 123B.72 requires that a school district, prior to occupying a new or renovated facility after July 1, 2002, must submit a certification prepared by a system inspector to the commissioner and the building code official that will provide an occupancy permit. The certification must verify that the facility's installed or modified heating, ventilation, and air conditioning system operates according to design specifications and code, a system for monitoring outdoor airflow and total airflow of ventilation systems has been installed, and any installed or modified heating, ventilation, or air conditioning system provides an indoor air quality filtration system that meets ASHRAE (American Society of Heating, Refrigerating and Air-Conditioning Engineers) Standard 52.1.

If you have any questions, please contact Chris Kubesh, Education Finance Specialist, at (651) 582-8319 or chris.kubesh@state.mn.us. Thank you for working with us to improve school facilities for Minnesota students.

Sincerely,



Dr. Brenda Cassellius
Commissioner

cc: Walt Hautala, School Board Chair

Enclosure

**THE COMMISSIONER OF THE DEPARTMENT OF EDUCATION
REVIEW AND COMMENT ON THE SCHOOL CONSTRUCTION
PROPOSAL OF MESABI EAST PUBLIC SCHOOLS, ISD #2711**

A review and comment must be provided on a school district construction project proposal before the district conducts a referendum, solicits bids, or issues bonds for the project. A project proposal has been submitted for review and comment according to requirements set forth in Minn. Stat. § 123B.71, Subdivisions 9 and 10, and Minn. Stat. § 123B.72. The district provides the following information:

1. The geographic area and population to be served,
 - a. preschool through grade 12 student enrollment for the past five years, and
 - b. student enrollment projections for the next five years.
2. A list of existing school facilities
 - a. by year constructed,
 - b. their uses, and
 - c. an assessment of the extent to which alternate facilities are available within school district boundaries and in adjacent school districts.
3. A list of specific deficiencies of the facility
 - a. demonstrating the need for a new or renovated facility to be provided,
 - b. the process used to determine the deficiencies,
 - c. a list of those deficiencies that will and will not be addresses by the proposed projects,
 - d. a list of specific benefits that the new or renovated facility will provide to students, teachers, and community users served by the facility.
4. A description of the project including:
 - a. specifications of site and outdoor space acreage,
 - b. square footage allocations for classrooms, laboratories and support spaces,
 - c. estimated expenditures for major portions of the project,
 - d. estimated changes in facility operating costs,
 - e. dates the project will begin and be completed.
5. A specification of the source of project financing including:
 - a. applicable statutory citations,
 - b. the schedules date for a bond issue or school board action,
 - c. a schedule of payments, including debt service equalization aid, and
 - d. the effect of a bond issue on local property taxes by property class and valuation.
6. Documentation obligating the school district and contractors to comply with the following items:
 - a. section 471.345 governing municipal contracts,
 - b. sustainable design,
 - c. school facility commissioning under section 123B.72, certifying the plans and
 - d. designs for heating, ventilating, air conditioning and air filtration for an extensively
 - e. renovated or new facility meet or exceed current code standards, including ASHRAE air filtration standard 52.1 and
 - f. ANSI acoustical performance criteria, design requirements and guidelines for schools on maximum background noise levels and reverberation times,
 - g. State fire code,
 - h. chapter 326B governing building codes, and
 - i. consultation with affected government units about the impact of the project on utilities, roads, sewers, sidewalks, retention ponds, school bus and automobile traffic, access to mass transit and safe access for pedestrians and cyclists.

DESCRIPTION OF PROPOSED SCHOOL CONSTRUCTION PROJECT

Mesabi East Public Schools, ISD #2711 is proposing a single question bond referendum on November 7, 2017. The ballot question would authorize \$9,745,000 in bonding authority to finance renovations and upgrades at the Mesabi East School in Aurora, MN. The largest project component is a new stadium with artificial turf and adjacent ball fields which would be built on a roughly 20 acre parcel located west of the school. The district is in the process of negotiating a land-swap with the City of Aurora in order to acquire the proposed site. Other proposed projects include new ice rinks, expanded parking and minor renovations at the school. The final project component is a non-voter approved Long Term Facility Bond (LTFM) bond issuance to fund \$1.05 million in projects and bond issuance costs. The total cost of all proposed projects (voter and non-voter approved), including bond issuance, is \$10,795,000.

The projects would be scheduled for completion in the 2018 – 2019 calendar years. Cost estimates by project type / funding source are as follows:

New Construction		Other Costs	
Warming House	\$389,120	Fees / Permits / Services	\$1,023,893
Greenhouse	\$30,000	FF&E	\$398,368
	\$419,120	Contingency	\$714,796
Renovations / Repurposing		Capitalized Interest	\$426,947
3rd Floor Classrooms	\$416,000	Bond Issuance	\$207,376
Board Room to Fitness Room	\$49,500		\$2,771,380
Secure Entrance	\$5,000		
	\$470,500	LTFM (Non-Voter Approved) Projects	
Athletic Facility Improvements		Pool Upgrades	\$198,833
Site Grading	\$650,000	Auditorium Upgrades	\$138,750
Utilities	\$200,000	Parking Lot Resurfacing	\$125,000
Baseball Field Upgrades	\$1,410,000	Shop Upgrades	\$137,709
Artificial Turf Field / Track	\$2,115,000	Gym Upgrades	\$77,271
Ice Rink	\$800,000	Cafeteria Upgrades	\$44,716
Parking Lot Upgrades	\$690,000	Band Room Upgrades	\$50,000
Bituminous Trails	\$135,000	Fees / Permits / Services	\$113,930
Plaza	\$84,000	Contingency	\$133,797
	\$6,084,000	Bond Issuance	\$29,994
			\$1,050,000

For the voter-approved bonding, the district plans to issue two separate bonds with deferred repayment schedules. The first issue, for \$4,560,000, would require no principal or interest payments until 2024. The second issue, for \$5,185,000, would require interest-only payments until 2026.

Though the district's year-end, unreserved general fund balance has twice been negative in the last few years and enrollment is projected to decrease by about 5% over the course of the next five years, the district believes existing revenues will be sufficient to fund the operational cost increases associated with the proposed facility improvements.

If the bond referendum is successful and bonds are sold, the debt service on the voter-approved bonds will be eligible for debt service equalization under Minn. Stat. § 123B.53, Subd. 3, if the bond schedule is approved. The amount of debt service equalization aid, if any, the district receives is determined annually and is dependent upon property wealth, student population, and other statutory requirements.

REVIEW AND COMMENT STATEMENT

Based upon the department's analysis of the school district's required documentation and other pertinent information from sources of the Minnesota Department of Education, the Commissioner of Education provides a positive review and comment.

ADDITIONAL INFORMATION IS AVAILABLE

Persons desiring additional information regarding this proposal should contact the school district superintendent's office.

A handwritten signature in black ink that reads "Brenda Cassellius". The signature is written in a cursive style with a large initial 'B' and 'C'.

Dr. Brenda Cassellius
Commissioner

October 4, 2017